

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

POWER INTEGRATIONS, INC.,	)	<b>REDACTED PUBLIC VERSION</b>
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 04-1371-JJF
	)	
FAIRCHILD SEMICONDUCTOR	)	
INTERNATIONAL, INC. and FAIRCHILD	)	
SEMICONDUCTOR CORPORATION,	)	
Defendants.	)	
	)	
	)	

**DECLARATION OF BAS DE BLANK**  
**IN SUPPORT OF DEFENDANTS' MOTIONS IN LIMINE**

**(VOLUMES 1 - 4)**

ASHBY & GEDDES  
Steven J. Balick (I.D. #2114)  
John G. Day (I.D. #2403)  
Tiffany Geyer Lydon (I.D. #3950)  
222 Delaware Avenue, 17<sup>th</sup> Floor  
P.O. Box 1150  
Wilmington, DE 19899  
(302) 654-1888

*Attorneys for Defendants*  
*Fairchild Semiconductor International,*  
*Inc. and Fairchild Semiconductor Corp.*

*Of Counsel:*

ORRICK, HERRINGTON & SUTCLIFFE LLP  
G. Hopkins Guy, III  
Bas de Blank  
1000 Marsh Road  
Menlo Park, CA 94025  
(650) 614-7400

Dated: September 12, 2006

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

POWER INTEGRATIONS, INC., a Delaware  
corporation,

Plaintiff,

v.

C.A. No. 04-1371

FAIRCHILD SEMICONDUCTOR  
INTERNATIONAL, INC., a Delaware  
corporation, and FAIRCHILD  
SEMICONDUCTOR CORPORATION,  
a Delaware corporation,

Defendants.

**DECLARATION OF BAS DE BLANK IN SUPPORT OF DEFENDANTS'  
MOTIONS IN LIMINE**

I, Bas de Blank, the undersigned, declare as follows:

1. I am an attorney with the firm of Orrick, Herrington & Sutcliffe LLP, counsel of record for Defendants Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corp. (collectively, "Fairchild"). I am admitted to the Bar of the State of California. I make this declaration in support of Defendants' Motions In Limine. I make this declaration of my own personal knowledge and, if called as a witness, I could and would testify competently to the truth of the matters set forth herein.

2. Attached hereto as Exhibit 1 is a true and correct copy of Power Integrations Expert Report on Damages by Richard Troxel, dated January 31, 2006, including Appendices 1 through 11 and Exhibits A through M.

3. Attached hereto as Exhibit 2 is a true and correct copy of the Power Integration's Summary Report on Damages by Richard Troxel, dated August 8, 2006, including Appendix 12 and revised Exhibits C through J.

4. Attached as Exhibit 3 are true and correct copies of excerpts from the deposition of Richard Troxel.

5. Attached hereto as Exhibit 4 is a true and correct copy of US ITC, Inv. No 337-TA-541; Complainant Power Integration, Inc.'s Reply to Respondent's System General Corporation's Brief on Remedy, Bond and the Public Interest.

6. Attached hereto as Exhibit 5 is a true and correct copy of US ITC, Inv. No 337-TA-541; International Trade Commission's Exclusion Order issued August 11, 2006.

7. Attached hereto as Exhibit 6 is a true and correct copy of US ITC, Inv. No 337-TA-541; International Trade Commission's Opinion issued August 29, 2006.

8. Attached hereto as Exhibit 7 is a true and correct copy of an August 1, 2006 letter from Bas de Blank to Michael Headley.

9. Attached hereto as Exhibit 8 is a true and correct copy of Fairchild's Second Set of Requests for Production.

10. Attached hereto as Exhibit 9 is a true and correct copy of an August 3, 2006 letter from Michael Headley to Bas de Blank.

11. Attached hereto as Exhibit 10 are true and correct copies of excerpts from the deposition of Balu Balakrishnan.

12. Attached hereto as Exhibit 11 are true and correct copies of excerpts from the deposition of Bruce Renouard.

13. Attached hereto as Exhibit 12 are true and correct copies of subpoenas to

**REDACTED**

14. After Power Integrations served the subpoenas attached hereto as Exhibit 12,

**REDACTED**

15. Attached hereto as Exhibit 13 is a true and correct copy of the Court's December 2, 2005 Order quashing the subpoena to LG Electronics.

16. Attached hereto as Exhibit 14 is a "Wireless News" article

**REDACTED**

17. Attached hereto as Exhibit 15 is an "IDC" article

**REDACTED**

18. Attached hereto as Exhibit 16 is a true and correct copy of the April 26, 2006 Supplemental Report on Damages by Richard Troxel.

19. Attached hereto as Exhibit 17 are true and correct copies of reports by "SG Cowen" which are listed as Power Integrations' Trial Exhibits **REDACTED**

20. Attached hereto as Exhibit 18 are true and correct copies of excerpts from the deposition of Shawn Slayton.

21. Attached hereto as Exhibit 19 is a true and correct copy of a document entitled "DisplaySearch Report Indicates Q1'05 LCD Desktop Monitors Rise 7% Q/Q", DisplaySearch Press Release, dated June 21, 2005, **REDACTED**

22. Attached hereto as Exhibit 20 is a true and correct copy of Power Integration's SEC Form 8-k, filed May 9, 2006.

23. Attached hereto as Exhibit 21 is a true and correct copy of Power Integration's SEC Form 8-k, filed May 24, 2006.

24. Attached hereto as Exhibit 22 are true and correct copies of Letters from Bas de Blank to Michael Headley, dated June 8, 2006, July 11, 2006, and August 2, 2006.

25. Attached hereto as Exhibit 23 are true and correct copies of a June 22, 2006 Letter from Michael Headley to Brian VanderZanden and a July 12, 2006 Letter from Michael Headley to Bas de Blank.

26. Attached hereto as Exhibit 24 are a true and correct copies of a May 26, 2006 Power Integrations SEC Form 8-K, a July 10, 2006 Power Integrations Press Release, and a July 31, 2006 Power Integrations SEC Form 8-K.

27. Attached hereto as Exhibit 25 is a true and correct copy of Exhibit 30, pricing charts utilized at the deposition of Richard Troxel.

28. Attached hereto as Exhibit 26 is a true and correct copy of Exhibit 34 utilized at the deposition of Richard Troxel.

29. Attached hereto as Exhibit 27 is a true and correct copy of Power Integrations' November 7, 2005 Second Supplemental Responses to Interrogatories.

30. Attached hereto as Exhibit 28 is a true and correct copy of Exhibit 9 utilized the deposition of Bruce Renouard.

31. Attached hereto as Exhibit 29 are true and correct excerpts from the deposition Bruce Renouard.

32. Attached hereto as Exhibit 30 is a true and correct copy of Exhibit 5 utilized at the deposition of Bruce Renouard.

33. Attached hereto as Exhibit 31 is a true and correct copy of Exhibit 6 utilized at the deposition of Bruce Renouard.

34. Attached hereto as Exhibit 32 is a true and correct copy of Exhibit 16 utilized at the deposition of Bruce Renouard.

35. Attached hereto as Exhibit 33 is a true and correct copy of Exhibit 17 utilized at the deposition of Bruce Renouard.

36. Attached hereto as Exhibit 34 is a true and correct copy of Exhibit 19 utilized at the deposition of Bruce Renouard.

37. Attached hereto as Exhibit 35 are true and correct copies of Plaintiff Power Integration's Proposed Trial Exhibits numbered PI Trial Ex. 83 (PIF87080-PIF87093), entitled "Weekly Sales Report"; PI Trial Ex. 84 (PIF88093-PIF88104), entitled "Weekly Sales Report"; PI Trial Ex. 85 (PIF87821-PIF87836), entitled "Weekly Sales Report"; PI Trial Ex. 86 (PIF86660-PIF86668), entitled "Weekly Sales Report"; PI Trial Ex. 87 (PIF86679-PIF86688), entitled "Weekly Sales Report"; PI Trial Ex. 88 (PIF86920-PIF86929), entitled "Weekly Sales Report"; PI Trial Ex. 89 (PIF87746-PIF87764), entitled "Weekly Sales Report"; PI Trial Ex. 90

(PIF87129-PIF87143), entitled "Weekly Sales Report"; PI Trial Ex. 91 (PIF87111-PIF87128), entitled "Weekly Sales Report"; PI Trial Ex. 92 (PIF88046-PIF88058), entitled "Weekly Sales Report"; PI Trial Ex. 93 (PIF88143-PIF88153), entitled "Weekly Sales Report"; PI Trial Ex. 94 (PIF87451-PIF87472), entitled "Weekly Sales Report"; PI Trial Ex. 95 (PIF87622-PIF87635), entitled "Weekly Sales Report"; PI Trial Ex. 96 (PIF87716-PIF87732), entitled "Weekly Sales Report"; PI Trial Ex. 97 (PIF87733-PIF87745), entitled "Weekly Sales Report"; PI Trial Ex. 98 (PIF88059-PIF88070), entitled "Weekly Sales Report"; PI Trial Ex. 99 (PIF86988-PIF87001), entitled "Weekly Sales Report"; PI Trial Ex. 100 (PIF87200-PIF87215), entitled "Weekly Sales Report"; and PI Trial Ex. 101 (PIF87972-PIF87976), entitled "Weekly Sales Report, "Korea, High, SEMCO."

38. Attached hereto as Exhibit 36 is a true and correct copy of Power Integration's Expert Report Of Michael Shields On Infringement signed December 1, 2005.

39. Attached hereto as Exhibit 37 is a true and correct copy of Power Integration's Expert Report Of Robert Blauschild On Infringement signed December 1, 2005.

40. Attached hereto as Exhibit 38 is a true and correct copy of excerpts from the deposition of Robert Blauschild.

41. Attached hereto as Exhibit 39 is a true and correct copy of Rebuttal Expert Report of Gu-Yeon Wei on Fairchild's Alleged Copying of Power Integrations' Devices and Patents, signed January 5, 2006.

42. Attached hereto as Exhibit 40 is a true and correct copy of Fairchild's production document numbered FCS1023682 entitled "FPS Collateral - example data sheet.

43. Attached hereto as Exhibit 41 is a true and correct copy of Fairchild's production document numbered FCS0321469 entitled "FSDL0365RNB, FSDM0365RNB Green Mode Fairchild Power Switch (FPSTM).

44. Attached hereto as Exhibit 42 is a true and correct copy of Power Integration's Response to Interrogatory No. 1, served February 23, 2005.

45. Attached hereto as Exhibit 43 is a true and correct copy of Power Integration's Supplemental Response to Interrogatory No. 1, served June 30, 2005.
46. Attached hereto as Exhibit 44 is a true and correct excerpt of Power Integrations' First Set of Interrogatories, page 3, served February 4, 2005.
47. Attached hereto as Exhibit 45 are true and correct excerpts to Fairchild's Second Supplemental Responses to Interrogatories Nos. 6, 8, 9 served August 30, 2005.
48. Attached hereto as Exhibit 46 are true and correct excerpts from the deposition of Ronald Dupuis.
49. Attached hereto as Exhibit 47 is a true and correct copy of Power Integrations' Joint Counterstatement in Response to Six of Seven Motions for Summary Judgment, p. 11.
50. Attached hereto as Exhibit 48 is a true and correct copy of Power Integration's Proposed Trial Exhibit No. 304, a Letter from Changsik Lim to Oscar Freitas re: AN-4137 edits, dated December 17, 2003.
51. Attached hereto as Exhibit 49 is a true and correct copy of Power Integration's Proposed Trial Exhibit No.146, Green FPS Biz Review, dated November 6, 2003.
52. Attached hereto as Exhibit 50 is a true and correct excerpt from Power Integrations Proposed Trial Exhibit List, Nos. 368 – 378.
53. Attached hereto as Exhibit 51 is a true and correct copy of Opening Expert Report Of Dr. Peter S. Gwozdz Regarding Invalidity Of U.S. Patent No. 4,811,075 signed December 1, 2005.
54. Attached here to as Exhibit 52 is a true and correct copy of Power Integration's Rebuttal Expert Report Of Michael Shields On Infringement signed January 9, 2006.
55. Attached here to as Exhibit 53 are true and correct excerpts from the deposition of Michael Shields taken February 16, 2006.
56. Attached hereto as Exhibit 54 are true and correct copies of

**REDACTED**

**REDACTED**

57. Attached hereto as Exhibit 55 a true and correct copy of a November 15, 2005 Letter from Bas de Blank to Michael Headley.

58. Attached hereto as Exhibit 56 is a true and correct copy of an April 7, 2006 Letter from Brian VanderZanden to Michael Headley.

59. Attached hereto as Exhibit 57 is a true and correct copy of a May 2, 2006 Email from Michael Headley to Brian VanderZanden.

60. Attached hereto as Exhibit 58 is a true and correct copy of a May 22, 2006 Letter from Michael Headley to Brian VanderZanden.

61. Attached hereto as Exhibit 59 is a true and correct copy of a April 20, 2006 Letter from Brian VanderZanden to M Michael Headley.

62. Attached hereto as Exhibit 60 is a true and correct copy of a May 2, 2006 Letter from Brian VanderZanden to Michael Headley.

63. Attached hereto as Exhibit 61 is a true and correct copy of a May 15, 2006 Letter from Brian VanderZanden to Michael Headley.

64. Attached hereto as Exhibit 62 is a true and correct copy of a May 25, 2006 Letter from Brian VanderZanden to Michael Headley.

65. Attached hereto as Exhibit 63 is a true and correct copy of a June 13, 2006 Letter from Brian VanderZanden to M Michael Headley.

66. Attached hereto as Exhibit 64 is a true and correct copy of a August 22, 2006 Letter from Brian VanderZanden to M Michael Headley.



67. Attached hereto as Exhibit 65 is a true and correct copy of Mr. Keeley's Rebuttal Expert Report on Patent Damages.

68. Attached hereto as Exhibit 66 is a true and correct copy of Exhibit 33 utilized at the deposition of Richard Troxel.

I declare the foregoing is true and correct under penalty of perjury under the laws of the United States of America.

Executed on September 1, 2006 in Menlo Park, California.

  
\_\_\_\_\_  
Bas de Blank  
ORRICK, HERRINGTON & SUTCLIFFE LLP

# **EXHIBIT 1**

**REDACTED**

# **EXHIBIT 2**

**REDACTED**

# **EXHIBIT 3**

**REDACTED**

# **EXHIBIT 4**



**REDACTED**

# EXHIBIT 5

**REDACTED**

# **EXHIBIT 6**

**REDACTED**

# **EXHIBIT 7**

**REDACTED**

# EXHIBIT 8



**REDACTED**

# EXHIBIT 9

**REDACTED**

# **EXHIBIT 10**

**REDACTED**

# **EXHIBIT 11**

**REDACTED**

# **EXHIBIT 12**



**REDACTED**

# **EXHIBIT 13**

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

POWER INTEGRATIONS, INC., a :  
Delaware corporation, :  
 :  
Plaintiff, :  
 :  
v. : C.A. No. 04-1371-JJF  
 :  
FAIRCHILD SEMICONDUCTOR :  
INTERNATIONAL, INC., a Delaware: :  
corporation, and FAIRCHILD :  
SEMICONDUCTOR CORPORATION, a :  
Delaware corporation, :  
 :  
Defendants. :

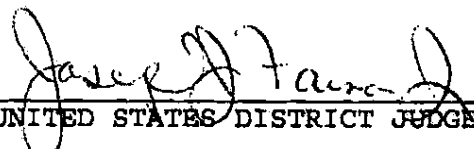
O R D E R

At Wilmington, this 2 day of December 2005, for the  
reasons set forth in the Memorandum Opinion issued this date;

IT IS HEREBY ORDERED that:

1. The Motion To Quash (D.I. 130-2) filed by LG  
Electronics USA Inc. is GRANTED.

2. The Objections To Subpoena Duces Tucem (D.I. 130-1)  
filed by LG Electronics USA Inc. are DENIED AS MOOT.

  
UNITED STATES DISTRICT JUDGE

# **EXHIBIT 14**

FOR RELEASE OCTOBER 24, 2005

**FOR MORE INFORMATION:**

Lee Graham  
(212) 333-4983  
leegraham@leegraham.biz

The NPD Group, Inc.  
900 West Shore Road  
Port Washington, NY 11050

## The NPD Group: U.S. Mobile Phone Sales Reached 31.6 Million Units in Third Quarter 2005

**PORT WASHINGTON, NEW YORK, October 26, 2005** – According to The NPD Group, the leader in market information for the wireless industry, mobile phone sales to consumers in the U.S. reached 31.6 million units in the third quarter of 2005. This number represents solid incremental growth of seven percent from the second quarter 2005 sales volume of 29.6 million units and an increase of more than 30 percent compared to sales during the same period in 2004. NPD estimates total third quarter 2005 consumer sales of slightly more than \$2 billion.

"The handset market was very robust in the third quarter," said Neil Strother, research director for mobile devices at The NPD Group. "These numbers reflect strong replacement demand among consumers, coupled with more limited growth from new subscribers."

According to NPD's Mobile Phone Track, Motorola continued its leadership in the U.S. market during the third quarter, boasting three of the top five best-selling models, including its popular RAZR device at Cingular Wireless and T-Mobile. During the third quarter, Motorola's demonstrated strength was due in part to a significant gain in share within the Verizon Wireless handset portfolio. The battle continues to be intense among LG, Nokia, and Samsung for the number two market position.

NPD reports that manufacturers' third quarter 2005 unit sales and market shares were as follows:

<b>Company</b>	<b>3Q 2005 Unit Sales (in thousands)</b>	<b>3Q 2005 Market Share</b>
Motorola	9,458	30%
LG	5,077	16%
Nokia	5,032	16%
Samsung	4,883	16%
Sanyo	1,522	5%
Kyocera	1,378	4%
Sony Ericsson	1,150	4%
UTStarcom/Audiovox	952	3%
Siemens/BenQ	506	2%
Others	1,625	5%
<b>Total</b>	<b>31,583</b>	<b>100%</b>

The top-selling handset models during third quarter 2005 were the following:

<b>Rank</b>	<b>Manufacturer</b>	<b>Model</b>
1	Motorola	RAZR V3
2	Nokia	6010
3	Motorola	V551
4	LG	VX6100
5	Motorola	V180

In the GSM market, Motorola had the leading share with 39 percent, followed by Nokia with 22 percent and Samsung with 14 percent. During third quarter, LG was the leader in CDMA handsets with a 27 percent market share, with Samsung and Motorola tied in second place at 18 percent.

*Methodology: The NPD Group's Mobile Phone Track information service compiles and analyzes mobile device sales data based on more than 150,000 completed online consumer research surveys each month. Surveys are based on a nationally-balanced and demographically-representative sample, and results are projected to represent the entire population of U.S. consumers.*

**About The NPD Group, Inc.**

Since 1967 The NPD Group has provided reliable and comprehensive consumer and retail information for a wide range of industries. Today more than 1,400 manufacturers and retailers rely on NPD to help them better understand their customers, product categories, distribution channels and competition in order to help guide their business. Information from The NPD Group is available for the following major vertical sectors: apparel, appliances, automotive, beauty, consumer electronics, food and beverage, foodservice, footwear, home improvement, housewares, imaging, information technology, music, software, travel, toys, video games, and wireless. For more information visit [www.npd.com](http://www.npd.com).

---

The NPD Group - 900 West Shore Road - Port Washington, NY 11050 - [www.npd.com](http://www.npd.com)

# EXHIBIT 15

[Register](#) | [Login](#)[contact](#) [help](#) [cart](#) [edit profile](#)[Analyst Finder](#) | [Event Finder](#) | [Table & Figure Finder](#) | [Forecast Finder](#)

Search:

☐ All languages[Advanced Search](#)[HOME](#)[RESEARCH](#)[PRODUCTS & SERVICES](#)[EVENTS](#)[ANALYSTS](#)[IDC STORE](#)[ABOUT IDC](#)[MY IDC](#)[About IDC](#) | [Management](#) | [Worldwide Offices](#) | [Careers at IDC](#) | [Press Home](#)

## IDC - Press Release

### Related Links

[Press FAQ](#)[Contact Press Relations](#)

### Worldwide Mobile Phone Market Breaks 200 Million Unit Mark in 3Q05, According to IDC

20 Oct 2005

**FRAMINGHAM, Mass., October 20, 2005** — New product introductions, portfolio refreshes, and exciting new form factors helped spur growth in the worldwide mobile phone market during the third quarter of 2005. According to IDC's Worldwide Quarterly Mobile Phone Tracker, worldwide mobile phone shipments rose 19.1% year over year and increased sequentially 8.8% in 3Q05 to reach 208.3 million units. Year-over-year growth increased substantially over the prior two quarters, signaling a balance against slower growth during the first half of the year. Each of the top 5 vendors within the industry reached all-time-high shipment levels and maintained the same rankings from the previous quarter.

"Last year, quarterly mobile phone shipments didn't reach 200 million units until the end of the fourth quarter when vendors were keeping the channels' shelves stocked for the holiday rush. As vendors announced new products earlier this year and accelerated their time to market, we've already reached this milestone," said Ramon Llamas, research analyst for IDC's Mobile Devices team.

The extensive introduction of new devices from a number of vendors in markets worldwide to fit the full spectrum of market segments fueled healthy growth in 3Q and ensured comprehensive early visibility and availability of devices for 4Q to meet the seasonal increase in demand and spending. As in previous quarters, Western Europe was a leading region with regard to new device launches.

"The dominance of the handset subsidy model and 12-month upgrade cycles in Western Europe combined with the introduction of a number of highly publicized, multimedia-oriented high-end handsets to drive demand in a mature market that is witnessing saturation of subscriber growth," said Andrew Brown, program manager, European Mobile Devices, IDC.

However, despite sustained growth in the region fueled by the volume of new device releases quarter on quarter, IDC emphasizes the challenge facing vendors.

"As the mobile phone market becomes increasingly segmented in Western Europe, vendors are under pressure to expand their portfolios in order to comprehensively fulfill market demands with regard to air interface, form factor, technical specifications, multimedia capability, software, and ASP. Although new handsets will



substantially assist market volume growth, the challenge for vendors is to meet differing segment requirements without over-extending the portfolio and adversely affecting margins," said Geoff Blaber, research analyst for European Mobile Devices, IDC.

## Vendor Highlights

more

- **Nokia.** With shipments of 66.6 million units worldwide representing year-on-year growth of 29.6% and an increase in market share to 32%, the Finnish vendor reinforced its dominance of the mobile phone market, buoyed by particularly strong growth in China and Asia/Pacific and despite a year-on-year shipment decline in North America. Nokia's Series 60 multimedia-oriented devices such as the 6630 and 6680 continued to enjoy solid demand, the 6680 becoming the world's best-selling WCDMA device. However, despite growth of the high-end segment, ASPs declined slightly both sequentially and year on year due to strong volume growth in emerging markets.
- **Motorola.** Touting itself as the company of "wickedly cool products," Motorola finished the quarter as the clear number 2 vendor in the industry, claiming leadership in the Americas and gaining ground in Europe and developing markets. Like Nokia, much of Motorola's shipments focused on growth within developing regions, thanks to its ultra-low-priced phones. Helping to propel the brand is the continued success of the RAZR series, and other impressive devices, most recently its iTunes ROKR phone and a series of other devices built on the RAZR platform.
- **Samsung.** After a slow second quarter, Samsung picked up the pace with increased shipments to Europe, North America, and its home country of Korea. Samsung delivered on its promise to improve revenues and profits this quarter via the introduction of high-end and premium devices featuring EV-DO and W-CDMA, DMB, and Bluetooth. Recent announcements after the close of the quarter highlight Samsung's commitment to even more high-end devices, as a device designed in conjunction with Bang & Olufsen is expected to hit the market in early 2006.
- **LG Electronics.** Holding steady in the number 4 position is LG Electronics. The company improved its CDMA and GSM lineups with new phones, particularly in the U.S. and Korea, but also faced a decrease in WCDMA and other high-end phones, resulting in a slight decrease in average selling prices. Finally, whereas only 300,000 units separated LG Electronics from Sony Ericsson in 2Q05, the difference grew to 1.6 million units during the third quarter.
- **Sony Ericsson.** Rounding out the top 5 vendors is Sony Ericsson. In addition to the introduction of several Walkman-branded phones, the company rolled out several mid-tier and entry-level phones to balance its portfolio. High-end devices still rule the company's portfolio as the company's average selling price rose from the previous quarter.

## Top 5 Vendors, Worldwide Mobile Phone Shipments and Market Share

more

(Unit shipments are in millions)

Rank	Vendor	3Q05 Shipments	3Q05 Market Share	3Q04 Shipments	3Q04 Market Share	Growth
1	Nokia	66.6	32.0%	51.4	29.4%	29.6%
2	Motorola	38.7	18.6%	23.3	13.3%	66.1%
3	Samsung	26.8	12.9%	22.7	13.0%	18.1%
4	LG Electronics	15.5	7.4%	11.8	6.7%	31.4%
5	Sony Ericsson	13.8	6.6%	10.7	6.1%	29.0%
	Others	46.9	22.5%	55.0	31.4%	-14.7%
	Total	208.3	100.0%	174.9	100.0%	19.1%

To purchase this document, please contact your local IDC office or visit [www.idc.com](http://www.idc.com).

## Contact

For more information, contact:

Michael Shirer  
[press@idc.com](mailto:press@idc.com)  
 (508) 935-4200

Ramon Llamas  
[rllamas@idc.com](mailto:rllamas@idc.com)  
 (508) 935-4736

**IDC Regions:** [Asia/Pacific](#) | [Middle East and Africa](#) | [Central and Eastern Europe](#)  
[Western Europe](#) | [Japan](#) | [Canada](#) | [Latin America](#) | [North America](#)

**IDC Companies:** [Energy Insights](#) | [Financial Insights](#) | [Government Insights](#) | [Health Industry Insights](#) | [Manufacturing Insights](#)



About IDC | Contact IDC | Privacy Policy | Site Index | Reprints | Worldwide Offices | **Objectivity**  
 Copyright 2006 IDC. Reproduction is forbidden unless authorized. All rights reserved. Trademarks | [Terms of Use](#)



# **EXHIBIT 16**

**REDACTED**

# **EXHIBIT 17**

**REDACTED**

# **EXHIBIT 18**

**REDACTED**



# **EXHIBIT 19**



DISPLAYSEARCH  
PRICewise

THE DISPLAYSEARCH  
MONITOR®

INDUSTRY CALENDAR

PRESENTATIONS  
& TALKS

DOWNLOAD OUR  
BROCHURE

JOIN OUR LIST

## Press Releases

All | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998

List all

Tuesday, June 21, 2005

### DisplaySearch Report Indicates Q1'05 LCD Desktop Monitors Rise 7% Q/Q; LCD Monitors Account for over 63% of Desktop Displays Shipped Worldwide in Q1'05

AUSTIN, TEXAS, June 21, 2005--DisplaySearch, the worldwide leader in flat panel display (FPD) market research and consulting, indicated in its latest *Quarterly Desktop Monitor Shipment and Forecast Report* that worldwide LCD desktop monitor shipments grew on track with previous predictions, rising 7% Q/Q to 22.7M units in Q1'05. This growth represents a unit shipment growth of 44% Y/Y, continuing the 26% Q/Q growth seen in Q4'04 brought on mainly by the aggressive street-level price points which began to hit the market in the fall of last year. For the quarter, the three most popular LCD monitor sizes continued to carry average retail price points of \$199 for 15", \$299 for 17" and \$399 for 19", which increased penetration of LCD-based desktop solutions to reach a record high penetration rate of 63.6% of the total Desktop monitor marketplace in Q1'05. The increased demand that yielded record revenues of \$8.2B in Q4'04 was not enough to overcome the continued aggressive industry price points, so revenues dropped 5% to \$7.8B in Q1'05.

Table 1: Worldwide LCD Monitor Penetration Rates

	Q1'04	Q2'04	Q3'04	Q4'04	Q1'05
LCD Monitors	49.9%	48.1%	50.3%	56.2%	62.6%
LCD PCs	0.9%	0.8%	0.8%	1.3%	1.1%
Total LCD Penetration (Monitors and PCs)	50.7%	48.9%	51.1%	57.5%	63.6%
CRT Monitors	49.2%	51.1%	48.9%	42.5%	36.4%
Total Desktop Displays	100.0%	100.0%	100.0%	100.0%	100.0%

The aggressive price points for LCD monitors seen in Q1 continued to erode the share of CRT monitor shipments for desktop computing worldwide, resulting in CRT monitor shipments falling 21% Q/Q to 13.2M units. As more PC companies move away from bundling CRT products in their entry level PC bundles, the CRT monitor market is forecasted to fall even faster than previously expected.

EMEA (Europe, Middle East and Africa) was the largest market for LCD monitor shipments in Q1'05 with 41.0% of the world's shipments going into this region, slightly down from 43.7% in Q4'04. The North America market remained the #2 region with 31.6% of worldwide shipments.

Dell was again the worldwide leader in the shipments of desktop LCD monitors in Q1'05, with a 20.2% worldwide market share. After Dell in worldwide shipments were Samsung, HP, Acer and LGE. Among the top ten, Acer showed the strongest worldwide Q/Q growth with shipments up 13.7% Q/Q.

Dell continued to hold the top positions in Japan, North America and Latin America. Dell has almost a 40% market share in North America, but Acer grew a remarkable 46.4% Q/Q, increasing its market share to 5.1%. Dell's dominance in the LCD monitor market is becoming evident in EMEA as well, growing 16.5% Q/Q to an 11.3% share. Samsung held the dominant position in the AP (Asia Pacific) region with a 21.6% market share, while Lenovo held the top position in China with a 14.2% share.

The market share results for the top five vendors for Q1'05 are shown in the following tables:

**Table 2: Q1'05 Worldwide Desktop LCD Monitor Market Share and Growth**

Rank	Manufacturer	WW Share	Q/Q Change
1	DELL	20.2%	8%
2	SAMSUNG	9.7%	3%
3	HP	8.2%	-4%
4	ACER	6.7%	13%
5	LGE	6.2%	9%
Others		49.0%	
Total		100%	7%

**Table 3: Q1'05 North America Desktop LCD Monitor Market Share and Growth**

Rank	Manufacturer	NA Share	Q/Q Change
1	DELL	38.8%	4%
2	HP	9.1%	0%
3	SAMSUNG	5.3%	5%
4	ACER	5.1%	46%
5	SONY	4.0%	8%
Others		37.7%	
Total		100%	6%

New desktop monitor sizes from 19" wide to 24" wide continued to emerge, but the three most popular sizes--15", 17" and 19"--accounted for 96.7% of all desktop monitors shipped in Q1. 15" LCD monitors had a 19.7% market share, even though shipments were down 20.3% Q/Q. Shipments of 17" grew 11.1% Q/Q to 58.4% market share, and 19" grew a significant 45.2% Q/Q to capture 18.3% share in Q1'05.

With sales demand still strong in Q1'05 but revenues down due to the aggressive street-level price points, pricing for the LCD monitor panel components began to rise in Q1. The effect of these component level price increases is already starting to impact the street prices of end-market LCD monitors, which are now on the rise. Increases in street-level pricing usually slow the growth of the LCD monitor market especially in seasonally weak periods, a market condition seen as recently as Q2'04. If the unprecedented amount of planned additional LCD production capacity continues to ramp, however, these street-level price increases may not last for long, thus allowing for LCD monitor price points to realign with the market to allow for continued sales growth throughout the rest of 2005.

The **Quarterly Desktop Monitor Shipment and Forecast Report** includes shipment and forecast data for LCD monitors, CRT monitors, LCD PCs, and TFT LCD monitor modules. The **Quarterly Desktop Monitor Shipment and Forecast Report** also provides cost forecasts of TFT LCD monitor modules, LCD monitor interface electronics, and LCD monitors. This report is delivered in PowerPoint and includes Excel pivot tables. Please contact Carl Steudle at DisplaySearch at 408-452-1192 or carl@displaysearch.com for subscription information.

DisplaySearch is holding its annual **HDTV Conference 2005: The Future of Television** August 23-24, 2005 in Los Angeles, California at the Beverly Hilton. For more information, please visit [www.displaysearch.com/hdtvconference](http://www.displaysearch.com/hdtvconference) or contact Kendra Smith at 512-459-3126 x107 or kendra@displaysearch.com

#### About DisplaySearch

DisplaySearch has a core team of 20 analysts located in North America and Asia who produce a valued suite of market forecasts, technology assessments, surveys, studies and analyses, and they organize influential industry events worldwide. Headquartered in Austin, Texas, DisplaySearch has regional operations in Chicago, Hong Kong, Houston, Kyoto, Shenzhen, San Diego, San Jose, Seoul, Taipei and Tokyo, and the company is on the web at [www.displaysearch.com](http://www.displaysearch.com).

**THE WORLDWIDE LEADER IN FPD MARKET RESEARCH AND CONSULTING**

© 2006 DisplaySearch • Site by GoGo Create

# **EXHIBIT 20**

8-K 1 d8k.htm FORM 8-K

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**Form 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (date of earliest event reported): May 5, 2006**

---

**Power Integrations, Inc.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0- 23441**  
(Commission File No.)

**94-3065014**  
(I.R.S. Employer  
Identification No.)

**5245 Hellyer Avenue**  
**San Jose, California 95138-1002**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (408) 414-9200**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

---

**Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.**

(a) Power Integrations, Inc. (the "Company") disclosed on March 13, 2006 that it had created a Special Committee comprised of disinterested members of its Board of Directors (the "Board") to conduct an internal investigation of company practices related to stock option grants to officers and directors, and related matters. The Special Committee is being assisted by independent outside legal counsel and accounting experts. At this time, the Special Committee has not completed its work or reached final conclusions and is continuing its review. The Special Committee has reached a preliminary conclusion that the actual dates of measurement for certain past stock option grants differed from the recorded grant dates for such awards. As a result, the Company expects to record additional non-cash charges for stock-based compensation expenses in prior periods. Based on the Special Committee's preliminary conclusion, the Company expects that such non-cash charges will be material and that the Company may need to restate its historical financial statements for each of the fiscal years 1999 through 2004, and for the first three quarters of the fiscal year ended December 31, 2005. Such charges may also affect future periods. On May 4, 2006, the Audit Committee of the Company's Board concluded that such financial statements and any related reports of its independent registered public accounting firm should no longer be relied upon.

Any such stock-based compensation charges would have the effect of decreasing income from operations, net income and retained earnings figures contained in the Company's historical financial statements. The Company does not expect that the anticipated restatements would have a material impact on its historical revenues, cash position or operating expenses not related to stock options.

The Special Committee discussed with the Company's independent registered public accounting firm the matters disclosed in this Item 4.02 but, as the internal investigation of the Special Committee has not been completed, the independent registered public accounting firm has not yet had an opportunity to consider the preliminary results of the investigation.

Additionally, the Company is evaluating Management's Report on Internal Controls Over Financial Reporting set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004. Although the Company has not yet completed its analysis of the impact of this situation on its internal controls over financial reporting, the Company has determined that it is highly likely that it had a material weakness in internal control over financial reporting as of December 31, 2004 and December 31, 2005. A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financials will not be prevented or detected. If the Company were to conclude that a material weakness existed, it would expect to receive an adverse opinion on internal control over financial reporting from its independent public accounting firm.

The Company intends to file its Annual Report on Form 10-K for 2005 and any financial statements required to be restated, as well as its Form 10-Q for the quarter ended March 31, 2006, as soon as practicable after the completion of the Special Committee's investigation.

A copy of the press release relating to the foregoing is attached hereto as Exhibit 99.1 and is incorporated in this Item 4.02 by reference.

---

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On May 4, 2006, Howard Earhart, resigned as the chairman of the Company's Board of Directors. Mr. Earhart was the Company's chief executive officer, and a director, from 1995 through 2002. Also on May 4, 2006, John Cobb resigned as the Company's chief financial officer. In connection with Mr. Earhart's resignation, the size of the Company's Board was reduced from 9 to 8.

On May 8, 2006, the Company announced that Steven J. Sharp, who has served as a director of the Company since 1988, has been elected chairman of the Board of Directors, succeeding Mr. Earhart. A copy of the press release relating to the foregoing is attached hereto as Exhibit 99.2 and is incorporated in this Item 5.02 by reference.

**Item 8.01 Other Events.**

As announced on March 17, 2006, the Company received a Nasdaq Staff Determination stating that the Company is not in compliance with Marketplace Rule 4310(c)(14) because it has not timely filed its report on Form 10-K for the year ended December 31, 2005 and, therefore, that its securities are subject to delisting from the Nasdaq National Market. On March 22, 2006, the Company requested a hearing with Nasdaq to seek an exception to the filing requirement, which hearing was held on April 12, 2006. On May 2, 2006, Nasdaq notified the Company that the exception had been granted, and that it would continue to list the Company's shares on the Nasdaq National Market, provided that the Company (i) provide Nasdaq with information regarding the final results of the investigation by the Special Committee on or before June 7, 2006, (ii) file its Form 10-K for the year ended December 31, 2005 and all required restatements on or before July 12, 2006, and (iii) file its Form 10-Q for the quarter ended March 31, 2006 on or before August 2, 2006. In the event the Company is unable to comply with the terms of the exception, its securities may be delisted.

On April 25, 2006, a shareholder filed a derivative complaint in the US District Court in the Northern District of California, purportedly on behalf of the Company, against certain executives of the Company and certain members of the Company's Board. The complaint alleges, among other things, that the defendants breached their fiduciary duties between 1998 and 2004 by (i) improperly requesting backdated stock option grants, which were intended to, and did, unduly benefit certain defendants at the expense of the Company, (ii) approving such improper requests and improperly backdating the stock option grants, and (iii) knowingly approving the Company's violations of generally accepted accounting principles. The complaint also alleges that the officer defendants were unjustly enriched by their receipt and retention of the backdated stock option grants.

The Company does not intend to file further current reports on Form 8-K describing additional lawsuits, if any, purporting class action status, in either federal or state court, which are based on allegations substantially similar to those contained in the complaint described herein.

---

**Item 9.01 Financial Statement and Exhibits.****(d) Exhibits.**

<b>Exhibit Number</b>	<b>Exhibit Title or Description</b>
99.1	Company Press Release dated May 5, 2006
99.2	Company Press Release dated May 8, 2006



---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 8, 2006

**Power Integrations, Inc.**

By: /s/ Balu Balakrishnan

**Balu Balakrishnan**  
**Chief Executive Officer**

---

**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Power Integrations Press Release dated May 5, 2006
99.2	Power Integrations Press Release dated May 8, 2006

# **EXHIBIT 21**

# POWER INTEGRATIONS INC

## FORM 8-K (Unscheduled Material Events)

Filed 5/24/2006 For Period Ending 5/23/2006

Address	5245 HELLYER AVE SAN JOSE, California 95138
Telephone	408-414-9200
CIK	0000833640
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

Powered By **EDGAR**Online

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Online's Terms of Use.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**Form 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (date of earliest event reported):**  
**May 23, 2006**

---

**Power Integrations, Inc.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-23441**  
(Commission File No.)

**94-3065014**  
(I.R.S. Employer  
Identification No.)

**5245 Hellyer Avenue**  
**San Jose, California 95138-1002**  
(Address of principal executive offices)

**Registrant's telephone number, including area code:**  
**(408) 414-9200**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 8.01 Other Events.**

In conjunction with the previously announced review by Power Integrations, Inc. (the "Company") of its practices related to stock option grants, the Company is also cooperating with the Securities and Exchange Commission (the "SEC") and with the U.S. Attorney's Office for the Northern District of California ("DOJ") in their investigations of the Company's stock option practices. On May 23, 2006, the DOJ issued a grand jury subpoena to the Company requesting that the Company produce documents relating to the granting of stock options from 1995 through the present. The Company intends to fully cooperate with the SEC and the DOJ in their investigations.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 24, 2006

**Power Integrations, Inc.**

By: /s/ Balu Balakrishnan

**Balu Balakrishnan**  
**Chief Executive Officer**

# **EXHIBIT 22**



**REDACTED**

# **EXHIBIT 23**

**REDACTED**

# **EXHIBIT 24**

# POWER INTEGRATIONS INC

## FORM 8-K (Unscheduled Material Events)

Filed 5/26/2006 For Period Ending 5/24/2006

Address	5245 HELLYER AVE SAN JOSE, California 95138
Telephone	408-414-9200
CIK	0000833640
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

Powered By **EDGAR**Online

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved

Distribution and use of this document restricted under EDGAR Online's Terms of Use.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**Form 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (date of earliest event reported):  
May 24, 2006**

---

**Power Integrations, Inc.**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0- 23441**  
(Commission File No.)

**94-3065014**  
(I.R.S. Employer  
Identification No.)

**5245 Hellyer Avenue  
San Jose, California 95138-1002**  
(Address of principal executive offices)

**Registrant's telephone number, including area code:  
(408) 414-9200**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

On May 24, 2006, Power Integrations, Inc. (the "Company") received a written Staff Determination notice from the Nasdaq Stock Market stating the Company is not in compliance with Nasdaq's Marketplace Rule 4310(c)(14) because the Company has not timely filed its report on Form 10-Q for the quarter ended March 31, 2006. As previously disclosed, Nasdaq initially informed the Company on March 17, 2006 that its securities would be delisted for failure to timely file its Form 10-K for the year ended December 31, 2005, unless the Company requested a hearing in accordance with applicable Nasdaq Marketplace rules. The Company subsequently requested and was granted a hearing with the Nasdaq Listing Qualifications Panel (the "Listing Panel") on April 12, 2006. Also as previously disclosed, on May 2, 2006, the Listing Panel granted a conditional extension to the Company's request for continued listing on the Nasdaq National Market provided that the Company (i) provide Nasdaq with information regarding the final results of its internal investigation on or before June 7, 2006, (ii) file its Form 10-K for the year ended December 31, 2005 and all required restatements on or before July 12, 2006, and (iii) file its Form 10-Q for the quarter ended March 31, 2006 on or before August 2, 2006. A copy of the press release issued on May 26, 2006 announcing the receipt of the notice is attached hereto as Exhibit 99.1.

**Item 9.01 Financial Statement and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Title or Description</u>
99.1	Press Release dated May 26, 2006.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 26, 2006

**Power Integrations, Inc.**

By: /s/ Balu Balakrishnan

**Balu Balakrishnan**  
**Chief Executive Officer**



**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Power Integrations Press Release, issued May 26, 2006.

**For Immediate Release****Contact:**

Joe Shiffler  
Power Integrations, Inc.  
(408) 414-8528  
[jshiffler@powerint.com](mailto:jshiffler@powerint.com)

**Power Integrations Receives Notice from Nasdaq Regarding  
Delayed Filing of Form 10-Q for First Quarter of 2006  
*Previously Granted Listing Extension Remains in Force***

**SAN JOSE, Calif. – May 26, 2006** – Power Integrations (Nasdaq: POWI) today announced that it has received an additional Staff Determination notice from the Nasdaq Stock Market stating that the company is not in compliance with Marketplace Rule 4310(c)(14) because it has not yet filed its Form 10-Q for the quarter ended March 31, 2006. Such notice is customarily issued to Nasdaq-listed companies when required periodic filings are not made on a timely basis.

As previously disclosed, Nasdaq informed the company on March 17, 2006 that its securities were subject to delisting for failure to file its 2005 Form 10-K in a timely manner. The company requested a hearing with the Nasdaq Listing Qualifications Panel and, as previously disclosed, on May 2 the Panel granted the company an exception to Rule 4310(c)(14), stating that the company's shares would continue to be listed on the Nasdaq National Market provided that the company (i) provide Nasdaq with information regarding the final results of its internal investigation on or before June 7, 2006, (ii) file its Form 10-K for the year ended December 31, 2005 and all required restatements on or before July 12, 2006, and (iii) file its Form 10-Q for the quarter ended March 31, 2006 on or before August 2, 2006. This exception, which expressly contemplated the delayed filing of Form 10-Q for the first quarter, remains in force.

**About Power Integrations**

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough integrated-circuit technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's *EcoSmart*® energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1.6 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at [www.powerint.com](http://www.powerint.com).

###

[Applications](#)[Products](#)[Design Support](#)[Green Solutions](#)[Sales Info](#)[Company Info](#)

## Company Info

### Press Room

Select: 2006

PDF version Printer friendly Display list

#### Power Integrations Receives Extension of Interim Nasdaq Deadline

SAN JOSE, Calif.--(BUSINESS WIRE)--July 10, 2006--Power Integrations (NASDAQ: POWI) today announced that it has been granted an extension of an upcoming interim deadline to file its Form 10-K for fiscal year 2005. As previously announced, the Nasdaq Listing Qualifications Panel had required that the company file its Form 10-K by July 12 as a condition of remaining listed on the Nasdaq National Market (now the Nasdaq Global Market). Power Integrations requested, and has been granted, an extension of this deadline to August 2, 2006, the same day by which the Panel requires the company to file its Form 10-Q for the quarter ended March 31, 2006. The filings of Form 10-K and the first-quarter Form 10-Q are the final remaining conditions for the company to regain compliance with Nasdaq Marketplace Rule 4310(c)(14).

The company intends to issue complete financial results for the second quarter of 2006 and host a conference call for the investment community soon after the above-mentioned filings are completed.

#### Note Regarding Forward-Looking Statements

The statement in this press release regarding Power Integrations' intent to issue complete financial results for the second quarter of 2006 and host a conference call soon after the above-mentioned filings are completed is a forward-looking statement involving risks and uncertainties that may cause actual results to differ materially from those projected or implied. This statement is based on current information that is subject to change. In particular, the company must file its Form 10-K for 2005 and its Form 10-Q for its first quarter of 2006 before it will be able to file its Form 10-Q for its second quarter of 2006. The completion of these forms is not entirely within the company's control, as the company's auditors must consent to the filing of audited financial statements prior to the company filing its Form 10-K. General risk factors associated with the company's business are explained in the company's annual report on Form 10-K, filed with the SEC on March 16, 2005, and its quarterly report on Form 10-Q, filed on November 7, 2005. The company is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

#### About Power Integrations

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough integrated-circuit technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart(R) energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1.6 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at [www.powerint.com](http://www.powerint.com).

To receive Power Integrations news releases via e-mail, register at <http://www.b2i.us/irpass.asp?BzID=1306&to=ea&s=0>.

#### Additional Links

Corporate Brochure   
(5 MB)  
[Logos/Images](#)

#### Media Contacts

*Technical/trade media:*  
Nancy Renzullo  
Manager of Marketing  
Communications  
(408) 414-9641  
[nrenzullo@powerint.com](mailto:nrenzullo@powerint.com)

*Financial/business media:*  
Joe Shiffler  
Director, Investor  
Relations & Corporate  
Communications  
(408) 414-8528  
[jshiffler@powerint.com](mailto:jshiffler@powerint.com)

**As heard on SKY  
RADIO  
and United Airlines**

Interview with CEO  
Balu Balakrishnan

**Contact:**

Power Integrations, Inc.  
Joe Shiffler, 408-414-8528  
jshiffler@powerint.com

Jul 10, 2006

Copyright 2005 Power integrations. All rights reserved. Contact Webmaster. Terms of Use | Privacy Policy | Chinese | Japanese | Korean

[ Privacy ]

# POWER INTEGRATIONS INC

## FORM 8-K (Current report filing)

Filed 7/31/2006 For Period Ending 7/31/2006

Address	5245 HELLYER AVE SAN JOSE, California 95138
Telephone	408-414-9200
CIK	0000833640
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

Powered By **EDGAROnline**

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Online's Terms of Use.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): July 31, 2006**

**Power Integrations, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-23441**  
(Commission File Number)

**94-3065014**  
(IRS Employer  
Identification No.)

**5245 Hellyer Avenue  
San Jose, California 95138-1002**  
(Address of principal executive offices)

**(408) 414-9200**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

On July 31, 2006, Power Integrations, Inc. issued a press release announcing its 2006 second quarter preliminary financial results. A copy of the press release is attached as Exhibit 99.1 to this current report and is incorporated herein by reference.

The information in this current report and in the accompanying exhibit shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this current report and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by Power Integrations, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit No.	Description
99.1	Press Release, dated July 31, 2006, announcing Power Integrations' 2006 Preliminary Second Quarter Financial Results.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Power Integrations, Inc.

By: /s/ Balu Balakrishman

Name: Balu Balakrishman

Title: President and Chief Executive Officer

Dated: July 31, 2006



**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated July 31, 2006, announcing Power Integrations' 2006 Preliminary Second Quarter Financial Results.

Power Integrations Announces Preliminary Second-Quarter Results

*Preliminary Net Revenue Was \$41.5 Million, Including Net One-Time Benefit of \$2.7 Million*

**SAN JOSE, Calif. – July 31, 2006** – Power Integrations (Nasdaq: POWI), the leader in high-voltage analog integrated circuits for power conversion, today announced selected financial results for the quarter ended June 30, 2006. All numbers reported should be considered preliminary as the company is yet to complete its customary close and review procedures.

Preliminary net revenue for the second quarter was \$41.5 million, an increase of 17 percent compared to the prior quarter and the year-ago quarter. Revenue for the quarter included a net benefit of \$2.7 million from the settlement of prior-period ship-and-debit claims with two of the company's distributors.

"We delivered record quarterly revenue and came in near the high end of our expectations, even before the positive net impact of ship-and-debit settlements with two of our distributors," said Balu Balakrishnan, president and CEO of Power Integrations. "Bookings were healthy throughout the quarter, and we had an exceptional quarter in terms of design wins. While we are mindful of concerns about end-market demand and the semiconductor cycle, we are currently on track for strong growth in the third quarter.

"We have also made further progress on reducing product costs, while the pricing environment has been relatively stable of late," added Balakrishnan. "Consequently, our gross margin excluding stock-compensation expenses has increased sequentially in each of the past two quarters, continuing the upward trend we have seen over the past two years.

"Despite the challenging circumstances facing our company, we have remained focused on execution and innovation," continued Balakrishnan. "In addition to strong second-quarter financial results, we also received nine new patents during the quarter, bringing our total to 150 U.S. patents and 82 foreign patents. Overall, our business is on track and performing extremely well."

Operating expenses for the second quarter included approximately \$4 million related to the company's internal investigation regarding practices for granting stock options, as well as the related restatement of the company's historical financial statements. Also included were \$0.8 million in expenses related to the company's patent litigation against Fairchild Semiconductor and System General Corp. In May, the company announced a favorable Initial Determination by the judge in its case against System General at the International Trade Commission. The ITC is expected to make its Final Determination in approximately two weeks. The first trial in the company's case against Fairchild is scheduled to begin on October 2.

Cash and investments as of June 30 totaled \$124.7 million, down \$14.4 million from the prior quarter due primarily to share repurchases. During the second quarter, the company repurchased 1.1 million shares for a total of \$19.2 million, completing the \$25 million share-repurchase program announced in October 2005. As of June 30, the company had 28.6 million common shares outstanding, a net decrease of 2.2 million shares over the past two years.

The company anticipates that revenues for the third quarter will be between \$42 million and \$44 million. Patent-litigation expenses are expected to total approximately \$3 million in the second half of 2006. The company also expects that it will continue to incur expenses related to the pending restatement of its historical financial statements.

#### **Conference Call at 2:00 pm PDT Today**

Power Integrations management will hold a conference call for members of the investment community today at 2:00 pm Pacific time. Members of the investment community may access the call by dialing (800) 374-0113 from within the U.S. or (706) 758-9607 from abroad. A replay of the call will be available by dialing (800) 642-1687 or (706) 645-9291 and entering passcode 3902365. The call will also be available via a live and archived webcast on the "investor info" section of the company's website, [www.powerint.com](http://www.powerint.com).

#### **About Power Integrations**

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough integrated-circuit technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's *EcoSmart*® energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1.7 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at [www.powerint.com](http://www.powerint.com).

#### **Note Regarding Forward-Looking Statements**

The statements in this press release relating to the company's projected third quarter financial performance, the company's business being on track and performing well, and the expected timing of the ITC's determination, are forward-looking statements, which reflect management's current forecast. The forward-looking statements are based on current information that is, by its nature, subject to rapid and even abrupt changes. Due to risks and uncertainties associated with the company's business, actual results could differ materially from those projected or implied by management's forward-looking statements. These risks and uncertainties include, but are not

limited to, changes and shifts in customer demand away from products that utilize the company's integrated circuits to products that do not incorporate the company's products; the company's ability to maintain and establish strategic relationships; the effects of competition; the risks inherent in the development and delivery of complex technologies; the outcome and cost of patent litigation; the company's ability to attract, retain and motivate qualified personnel; the emergence of new markets for the company's products and services; the company's ability to compete in those markets based on timeliness, cost and market demand; the timing of the final determination of the ITC, which is outside of the company's control; and fluctuations in currency exchange rates. In addition, new product introductions and design wins are subject to the risks and uncertainties that typically accompany development and delivery of complex technologies to the marketplace, including product development delays and defects and market acceptance of the new products. These and other risk factors are more fully explained in the company's most recent annual report on Form 10-K, filed with the Securities and Exchange Commission on March 16, 2005, and its quarterly report on Form 10-Q, filed on November 7, 2005. The company is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

###

# **EXHIBIT 25**

**REDACTED**